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INFO RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY  
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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 12/17/07

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#### Articles:

1) Poll: Cabinet support sags to 43 PERCENT

NIKKEI (Page 1) (Abridged)  
December 17, 2007

The Nihon Keizai Shimbun conducted a public opinion survey on Dec. 14-16, in which the rate of public support for Prime Minister Yasuo Fukuda and his cabinet was 43 PERCENT , down 12 percentage points from the last survey conducted in November. The nonsupport rate for the Fukuda cabinet was 46 PERCENT , up 13 points. The Fukuda cabinet's disapproval rating topped its approval rating for the first time since it came into office in September. In the survey, respondents were asked if they thought the Maritime Self-Defense Force's refueling activities in the Indian Ocean should be resumed. In response to this question as well, the proportion of negative answers topped that of affirmative ones, with "no" accounting for 44 PERCENT and "yes" at 39 PERCENT .

The Fukuda cabinet has pledged to check pension records up for about  
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50 million unidentified persons by March next year and inform them of their pension records. However, it has now become difficult to do so. In addition, the Defense Ministry has been involved in a series of scandals. The sharp drop in the cabinet support rate can be taken as reflecting these events.

Among men, the Fukuda cabinet's support rate was 39 PERCENT , down 13 points. Among women, it was 46 PERCENT , down 12 points. By age, the nonsupport rate topped the support rate in all age brackets except those in their 70 and over. Those who do not support the Fukuda cabinet were asked to pick one or more reasons. To this question, 43 PERCENT gave the prime minister's lack of leadership. This answer topped all other answers. Among other answers, 33 PERCENT said its policies are bad.

In the breakdown of public support for political parties, the ruling Liberal Democratic Party stood at 38 PERCENT , down 4 points from the last survey. The leading opposition Democratic Party of Japan (Minshuto) was at 34 PERCENT , up 6 points. The DPJ closed in on the LDP with a margin of 4 points.

The survey was taken by Nikkei Research Inc. over the telephone on a random digit dialing (RDD) basis. For the survey, samples were chosen from among men and women aged 20 and over across the nation. A total of 1,487 households with one or more eligible voters were sampled, and answers were obtained from 870 persons (58.5 PERCENT ).

2) Poll: Fukuda cabinet's support rate nosedives to 35 PERCENT

TOKYO SHIMBUN (Top play) (Abridged)  
December 17, 2007

In a telephone-based poll conducted by Kyodo News across the nation on Dec. 15-16, the rate of public support for Prime Minister Yasuo Fukuda and his cabinet was 35.3 PERCENT , down 11.7 percentage points from a survey taken in early November. The nonsupport rate for the Fukuda cabinet rose 11.0 points to 47.6 PERCENT . The Fukuda cabinet's disapproval rating topped its approval rating for the first time. The government has now given up resolving the issue of pension records up for unidentified persons. In the survey,

respondents were asked if they thought this violated the Fukuda cabinet's public pledge. To this question, 57.6 PERCENT answered "yes," with 34.3 PERCENT saying "no."

"Some people say it's a breach of my cabinet's public pledge, but I wonder if it's as big as they say." Fukuda gave this remark when asked about the pension issue. Meanwhile, the Defense Ministry has been involved in a series of scandals. The sharp drop in the Fukuda cabinet's support rate can be taken as reflecting these events. Meanwhile, the Diet, in its reextended session, is focusing its debate on a new antiterror bill intended to resume the Maritime Self-Defense Force's refueling activities in the Indian Ocean. In the survey, respondents were asked if they supported the legislation. To this question, 46.7 PERCENT answered "no," with 38.8 PERCENT saying "yes."

Respondents were also asked about the desirable form of government. In the last survey, those choosing a coalition government led by the Liberal Democratic Party outnumbered those preferring a coalition government led by the Democratic party of Japan (Minshuto). This time, however, 44.7 PERCENT chose a DPJ-led coalition government,

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with 28.5 PERCENT picking an LDP-led coalition government. Respondents were also asked when they would like an election to be held for the House of Representatives. In response to this question, 47.0 PERCENT answered that they would like it to be held "by the first half of next year," with 26.0 PERCENT saying "by the latter half of next year" and 12.8 PERCENT saying "the year after next."

Respondents were further asked if they thought the ruling coalition should revote on the new refueling legislation in the House of Representatives to enact it into law if the House of Councillors votes it down. In response to this question, public opinion was split, with 41.2 PERCENT saying "yes" and 43.6 PERCENT saying "no."

In the breakdown of public support for political parties, the LDP stood at 25.2 PERCENT, down 13.0 points from the last survey. The LDP was below the 28.5 PERCENT rating for the DPJ. New Komeito, the LDP's coalition partner, was at 3.1 PERCENT. Among other political parties, the Japanese Communist Party was at 3.6 PERCENT, with the Social Democratic Party (Shaminto) at 1.5 PERCENT, the People's New Party (Kokumin Shinto) at 0.3 PERCENT, and the New Party Nippon (Shinto Nippon) at 0.2 PERCENT. Those with no particular party affiliation accounted for 36.0 PERCENT, up 12.5 points.

3) Jiji poll: 60 PERCENT think next spring or later desirable time for Lower House dissolution; Priority given to passage of fiscal 2008 budget

TOKYO SHIMBUN (Page 2) (Full)  
December 15, 2007

In an opinion poll carried out by Jiji Press on Dec. 14, 60 PERCENT of respondents replied that it would be desirable to dissolve the Lower House after passage of the fiscal 2008 budget in the spring at the earliest. Only about 20 PERCENT called for a Diet dissolution at the end of the year or at the outset of the regular Diet session to be convened in January next year. With the confrontation between the ruling and opposition parties getting fierce over the new antiterror special measures bill, there are growing calls for a Diet dissolution at an early date. However, the findings of the poll revealed that many eligible voters do not want to see the political situation become fluid until the budget bill for the next fiscal years secures Diet approval.

The poll, carried out on Dec. 6-9, was directed at 2,000 men and women throughout the nation, based on an individual interview formula. The rate of effective replies recovered was 65.7 PERCENT.

Regarding a timetable for a Diet dissolution, the largest number of 27.5 PERCENT cited "after passage of the fiscal 2008 budget in the spring," followed by 18.6 PERCENT, who gave "2009 (including after the termination of the term)," and 13.8 PERCENT, who cited, "after the Hokkaido Lake Toya Summit in July, 2008." Only 4.4 PERCENT

cited, "at the end of the year," and 11.8 PERCENT gave, "at the outset of the regular Diet session."

4) Prime Minister Fukuda will not dissolve Lower House even if  
censure motion against him is submitted to Upper House

TOKYO SHIMBUN (Page 1) (Full)  
December 15, 2007

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Prime Minister Yasuo Fukuda decided on Dec. 14 that he will not dissolve the House of Representatives even if the main opposition Democratic Party of Japan (DPJ or Minshuto) submits a censure motion against him to the House of Councillors and the motion is adopted. Several senior ruling coalition members revealed this. In the current extraordinary Diet session, which was extended again until Jan. 15, the focus will be on whether the DPJ decides to submit a censure motion after the ruling camp readopts a new antiterrorism special measures bill at the Lower House.

In an interview by reporters attached to the Cabinet on the 14th, Fukuda denied the possibility of dissolving the Lower House before the compilation of the state budget for fiscal 2008. He stated: "We will have to carry out deliberations on the budget so that there will be no adverse effect on the livelihood of the people."

Considering that a censure motion against the prime minister has no binding force unlike a no-confidence motion against the cabinet, a senior Liberal Democratic Party (LDP) pointed out: "We are free as to how to respond to it." Another senior LDP member stated: "We will ignore a censure motion even if it is adopted."

A senior member of the New Komeito, the LDP's junior coalition member, noted: "We will entirely ignore (a censure motion against Fukuda). Unless we make such a determination, we won't be able to override an Upper House decision."

The government and ruling coalition aim to complete the compilation of the state budget for fiscal 2008 before the end of the year and adopt it before the end of this fiscal year (March), convening a regular Diet session as early as Jan. 18.

5) DPJ hopes for early Lower House dissolution

TOKYO SHIMBUN (Page 2) (Excerpts)  
December 17, 2007

With about 20 PERCENT of the some 50 million public pension accounts that remain unidentified still unaccounted for, calls are growing in the main Democratic Party of Japan (DPJ or Minshuto) for an early dissolution of the House of Representatives and a snap general election that would follow. Many lawmakers in the largest opposition party used to feel worried about the possibility of an early Lower House election because of such reasons as the internal uproar over party head Ichiro Ozawa's on again off again resignation and the party's delay in making preparations for the election. But if the election is conducted with the public angry about the pension-record fiasco, the DPJ now feels it would be possible for it to win the election, forcing the now ruling parties into the minority camp in the Lower House, a replay of what had happened in the July House of Councillors election.

In a party meeting yesterday in the city of Noda, Chiba Prefecture, DPJ President Ozawa stressed his resolve to drive (Prime Minister Yasuo Fukuda) into a situation under which he would have no choice but to dissolve the Lower House at an early time. He said:

"Both the pension-record fiasco and the Defense Ministry issue occurred because politics and the bureaucracy have been corrupted. A long-term government is sure to become corrupt."

In addition to the series of scandals involving the Defense

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Ministry, another reason for the DPJ's waning fear of election is the ruling camp's series of mistakes, such as Fukuda's remark that he did not think the pension-record fiasco involved a broken pledge by the government.

6) DPJ Secretary General Hatoyama: Re-extension of Diet session straight through New Year inevitable; Maneuvering between ruling and opposition camps to intensify over re-voting on new antiterrorism bill in Lower House

TOKYO SHIMBUN (Page 2) (Slightly abridged)  
December 17, 2007

In the wake of the government's decision to re-extend the current Diet session until Jan. 15, the ruling and opposition camps will start from this week fierce maneuvering over on the timing of the vote on the new antiterrorism special measures bill in the House of Councillors. Although the ruling coalition still aims to enact the bill before the end of the year, the opposition camp, including the Democratic Party of Japan (DPJ or Minshuto), which controls the Upper House, has called for placing priority on pursuing the pension-record fiasco and a series of scandals involving the Defense Ministry. The outlook is for the fierce wrangling to continue in the Diet.

The Upper House Foreign Affairs and Defense Committee has held deliberations for about 20 hours. The ruling bloc has called for holding deliberations on the bill not only Tuesdays and Thursdays but also other days of the week. The DPJ, as the largest party in the Upper House, along with the other opposition parties, have not accepted the request, however.

If the committee continues to hold deliberations twice a week, it will be not be until Dec. 17 when the total time for deliberations will reach about 41 hours, equal to the time spent in the House of Representatives, which the DPJ has sought. The ruling coalition envisions that it will readopt the bill at the Lower House before the end of the year if the opposition decides to takes a vote on the bill at the committee on Dec. 17 and to reject it at an Upper House plenary session on the 28th.

Appearing on an NHK talk show program yesterday, DPJ Secretary General Yukio Hatoyama stated: "It would be difficult to put the bill to a second vote without resolving the series of scandals involving the Defense Ministry. It is inevitable that we will go straight through the New Year in the re-extended session."

7) DPJ gives up on taking vote on new refueling legislation in Upper House before year's end in order to determine propriety of submitting censure motion

NIKKEI (Page 2) (Abridged slightly)  
December 16, 2007

The major opposition Democratic Party of Japan (DPJ or Minshuto) decided yesterday to forgo taking a vote on the new legislation designed to resume the Maritime Self-Defense Force's refueling operation in the Indian Ocean in the opposition-controlled House of Councillors before the end of the year. By postponing a vote until early next year, the DPJ intends to watch developments in scandals involving the Ministry of Defense (MOD) and to make a decision on whether to submit a censure motion against Prime Minister Yasuo

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Fukuda.

Now that the current Diet session has been re-extended to Jan. 15, the new legislation is certain to clear the Diet. But the subsequent delay in taking a vote is likely to cause new developments in the MOD scandals to affect the political situation that might lead to a Lower House dissolution for a general election. The next regular Diet session is scheduled to open on Jan. 18. If the standoff between the ruling and opposition camps escalates over a vote on the new refueling legislation, a severe confrontational mood might linger on in the next regular Diet session.

The Upper House Foreign Affairs and Defense Committee has already discussed the refueling bill for 21 hours. If six hours are spent each on the planned weekly regular session, total deliberation time would come to 41 hours on Dec. 27, as was requested by the opposition camp.

A senior DPJ member indicated yesterday that shedding light on the MOD scandals is closely associated with the timing for taking a vote on the new legislation, saying: "Deliberation time is not the only prerequisite for a vote." The committee is expected to take a vote either on Jan. 8 or 10.

Because the committee is controlled by the opposition bloc, it cannot bring the legislation to a vote without the concurrence of the DPJ and other opposition parties.

Over the MOD scandals, the DPJ is demanding the party be allowed to question former Yamada Corp. executive Motonobu Miyazaki, who is under arrest. The largest opposition party is also set to grill the government, demanding intensive deliberations on the pension recordkeeping fiasco.

8) USFJ realignment suffering from deadlocked Futenma relocation and MOD scandals

NIKKEI (Page 2) (Abridged slightly)  
December 16, 2007

The government is concerned about the delay in implementing plans for the realignment of U.S. forces in Japan. Although Japan is in agreement with the United States to complete the realignment by 2014, coordination with affected municipalities over a plan to relocate the U.S. Marine Corps' Futenma Air Station is having rough-going. As if to add insult to injury, former Vice-Defense Minister Takemasa Moriya has been arrested. The realignment of USFJ is designed to serve as the foundation for future Japan-U.S. security cooperation. Stalemate in the process might cast a pall over the unity of the Japan-U.S. alliance.

The U.S. Army 1st Corps forward command will be established on Dec. 19 on Camp Zama in Kanagawa Prefecture, as was agreed upon between Tokyo and Washington in May 2006. The number of personnel at the forward command is scheduled to increase from 30 to some 300 next summer to serve as the headquarters in the Far East. The Ground Self-Defense Force's Central Readiness Command is also scheduled to move from Camp Asaka to Zama by 2012 to increase the level of cooperation between the two countries.

However, the overall USFJ realignment program is behind schedule. Particularly serious is the deadlocked Futenma relocation plan, a

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pivotal element in the realignment plan. If this situation persists, completing the Futenma relocation by 2014 will be difficult.

The government held Futenma relocation consultative council meetings in November and December and conveyed to Okinawa its plan to unfreeze the 10-billion-yen economic package for northern Okinawa. With this as an incentive, the government plans to obtain Okinawa's cooperation for the Futenma relocation. Okinawa is seeking changes to the government's plan to build a V-shaped pair of runways on the coast of Camp Schwab. The prefectural side is not showing any signs of concessions.

Another pillar in the USFJ realignment is the relocation of some 8,000 U.S. Marines from Okinawa to Guam. A plan is afloat to start work in 2012. But a senior Defense Ministry official said apprehensively: "Unless Futenma relocation is realized, the planned relocation of Marines to Guam, as well as the (agreed-upon) deal to return U.S. military sites south of Kadena Air Base to Japan, will be called off, dealing a fatal blow to the Japan-U.S. alliance."

The revelation of scandals involving the Defense Ministry is also casting a blight on the realignment plan. It has been found out that a former managing director of defense contractor Yamada Corp., who

was on friendly terms with former Vice-Defense Minister Moriya, was involved in the Guam relocation plan. Japan is to contribute approximately 6.1 billion dollars (690 billion yen), or 60 PERCENT of the total, to the project. Questions have been raised about the basis for that amount.

The government is truly concerned about the deadlocked USFJ realignment, because it might have a negative impact on the bilateral alliance far more serious than that of the discontinued refueling operation in the Indian Ocean.

A new refueling bill is expected to be enacted in the current Diet session, and as a result, Japan might be able to resume the refueling operation as early as the end of February. Talks on the Japan-U.S. Special Measures Agreement on Japan's host-nation support (the so-called sympathy budget) have also been settled. Those matters are easy. The hard part for Japan and the United States is the realignment of USFJ.

9) Correction and apology: Mr. Armitage did not receive any fees from Yamada during his tenure as deputy secretary of state

SANKEI (Page 3) (Full)  
December 15, 2007

On Dec. 1, the Sankei Shimbun carried an article titled "Yamada Corp. paid over 100 million yen to Armitage in consultant fees, even during his tenure as deputy secretary of state." The newspaper retracts the part reading "the firm continued to pay Armitage even during his tenure as deputy secretary of state."

The Sankei Shimbun has received a complaint from Mr. Armitage pointing out: "There was a description indirectly saying that I had received money from Yamada Corp. during my tenure as deputy secretary of state. The description is not true."

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The article was based on records of payments by Yamada International Corporation, Yamada Corp.'s subsidiary in the United States, and accounts by persons concerned that the firm had paid a total of 1

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million dollars (110 million yen) in consultant fees to Armitage Associates, a firm established by Armitage, and companies associated with Armitage Associates, over the last seven years.

But Mr. Armitage pointed out: "I became deputy secretary of state on March 26, 2001, but I had severed relations with Armitage Associates before taking on the job." Explaining that the company name was changed into AALC by former partners, Mr. Armitage also explicitly said, "I had no interests in AALC."

The article was solely intended to point out that a former Yamada Corp. executive and others had used a large amount of money to build channels to U.S. government officials. There was not intention of defaming Mr. Armitage.

However, taking Mr. Armitage's complaint that he did not receive any fees from (Yamada) during his tenure as deputy secretary of state to heart, we apologize to Mr. Armitage.

10) Defense Ministry slush fund: Vice minister's office receives hundreds of thousand of yen per month; Amount increased when Moriya was in office

TOKYO SHIMBUN (Page 1) (Full)  
December 17, 2007

The Defense Ministry has been accused of setting aside portions its annual rewards budget worth approximately 160 billion as a slush fund that could be tapped as pleased, It has been learned that the vice minister's office received hundreds of thousand of yen per month in such money during the tenure of Vice Minister Takemasa Moriya, who is now under arrest on the charge of receiving bribes from a former executive director of a defense-related trading

company. The fund's existence was verified by several sources in the Defense Ministry and the Self-Defense Forces (SDF) yesterday.

According to the sources, the Ministry Secretariat Secretarial Division has controlled and distributed the slush funds to the defense minister and such high officials as the senior vice minister and other vice ministers. Until Moriya took office, 200,000 yen or so was allotted to the slush fund in the vice minister's office. The amount reportedly was increased after he came into office.

In the wake of the bribery scandal involving the former vice defense minister and the revelation of the existence of such a fund, the ministry intends to stop the practice of using off-the-book funds drawn from the rewards budget, starting in fiscal 2008. The Defense Ministry as a whole reportedly has at least several tens of millions of yen in a secret account. What to do with these funds will likely be on the agenda.

The ministry has launched an internal investigation into the slush-fund issue. However, since many bureaus and divisions are involved in the matter, to what extent it will be able to grasp the situation and release the findings is unknown. Officials seemed to have faked a great number of receipts in order to clear auditing by the Board of Audit and to use up the budgeted money each year. However, since those receipts are reportedly kept only for five years, it seems impossible to investigate the matter much further.

11) PAC3 drill again delayed, consideration having been given to bill under deliberation and series of scandals

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SANKEI (Page 2) (Excerpt)  
December 16, 2006

In connection with the ground-to-air ballistic missile PAC3, which forms the core of the missile defense (MD) system that is being deployed around the Tokyo metropolitan area, the Defense Ministry has decided to delay until next year a mobilization drill originally planned for mid-December. The drill was planned for this month at state controlled Shinjuku Gardens (in Shinjuku ward) and at a site in Ichigaya owned by the Defense Ministry, and then later at the park at Harumi Wharf, also under government control (Chuo-ku). Apparently, the postponement was due to consideration having been given to the ongoing deliberations in the Diet on the antiterrorism special measures bill, as well as the strong reaction to the Defense Ministry's series of scandals.

## 12) EXTERNAL ECONOMIC RELATIONS & ENVIRONMENT

Premier's new economic growth strategy uses environment to link Asia and Japan

NIKKEI (Page 3) (Full)  
December 17, 2007

Prime Minister Yasuo Fukuda has come up with an Asian Economy and Environment Community Initiative aimed at using the environment to deepen links with Asian countries as a feature of his new economic growth strategy. The package characterizes Japan's forte, the highest-level environmental technology in the world, as a driving force for that purpose. It also plays up Japan's role as a bridge between industrialized countries and developing countries in the run-up to the G-8 (Lake Toya Summit) to be held next summer. The prime minister expects the strategy to serve a triple role also for his synergistic diplomacy of linking the Japan-U.S. alliance to Asia diplomacy.

The prime minister, appearing on an TBS program on Dec. 15, stressed his view that strengthening ties with Asian economies, the growth center of the world, will lead to accelerating Japan's growth. He noted, "Japan's growth rate is between 1 PERCENT and 2 PERCENT , but the economies of its neighbors are growing at the rates of between 6 PERCENT and 10 PERCENT ." He indicated his determination to speed up efforts to map out specific measures to be incorporated in a policy speech he will deliver in January next year.



An aide to the prime minister said, "Japan's future will hinge on environmental technology. It will also be a solution to two issues -- prevention of global warming and promotion of economic growth."

The Ministry of Economy, Trade and Industry (METI) was behind the effort to map out the strategy. Reducing the environmental load and promoting energy-conservation efforts will be indispensable in order to sustain economic development in Asia. According to an estimate by METI, the scale of the environmental and energy-conservation markets in Asia will expand from the current 5 trillion yen to 24 trillion yen by 2020. Japan's advantage in environmental technology is overwhelming.

The focus of a post-Kyoto Protocol greenhouse gas reduction framework for 2013 and beyond, a major agenda item for the Lake Toya Summit, will be technology transfer and financial assistance to

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developing countries. In order for Japan to take the initiative as the host nation, it is imperative for it to come up with specific models.

The prime minister ordered METI Minister Amari, when he visited him to give a prior briefing on the strategy in late November, not to forget Japan-U.S. relations. He made this request, indicating his interest that synergistic diplomacy, which aims at linking the solid Japan-U.S. alliance to proactive diplomacy toward Asia, should be incorporated in the package. The words "open community" were hurriedly included in the paper the METI minister presented at a meeting of the Council on Economic and Fiscal Policy on Dec. 14.

SCHIEFFER